



Office of Inspector General

MEMORANDUM

DATE: December 20, 2018

TO: USAID/West Bank and Gaza, Mission Director, Monica Stein-Olson

FROM: Middle East/Eastern Europe Regional Office Frankfurt, Audit Director, James C. Charlifue /s/

SUBJECT: Audit of the Fund Accountability Statement of USAID Resources Managed by AMIDEAST, Palestinian Faculty Development Program, Cooperative Agreement 294-A-00-05-00234-00, October 1, 2011, to September 28, 2012 (8-294-19-025-R)

This memorandum transmits the final audit report of the fund accountability statement of USAID resource managed by AMIDEAST, Palestinian Faculty Development Program, cooperative agreement 294-A-00-05-00234-00, from October 1, 2011, to September 28, 2012. The auditee contracted with the independent certified public accounting firm Talal Abu-Ghazaleh & Co. to conduct the audit.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards, except for not participating in an external quality control review program. The audit firm explained that West bank and Gaza does not offer such a review program. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We do not express an opinion on the auditee's fund accountability statement; the effectiveness of its internal controls; or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate and obtain a sufficient understanding of the AMIDEAST internal controls related to the agreement; and (3) determine whether AMIDEAST complied, in all material respects, with the agreement terms, and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$3,069,488 for the period October 1, 2011, to September 28, 2012.

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

The auditors expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The audit firm did not identify any material internal control weaknesses but identified one material instance of noncompliance related to AMIDEAST not requesting sub-awardees to submit Value Added Taxes refund sheets in accordance with the USAID regulations and Mission notices.

To address the issue identified in the report, we recommend that USAID/West Bank and Gaza:

Recommendation 1. Require AMIDEAST to establish and implement policies and procedures ensuring proper submittal of Value Added Taxes refund sheets by its sub-awardees, as detailed on page 19 of Talal Abu – Ghazaleh & Co. audit report.

We ask that you provide your written notification of actions planned or taken to reach a management decision. We appreciate the assistance extended to the audit staff during the engagement.

OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) (“commercial or financial information obtained from a person that is privileged or confidential”)